

DELEGATION RESOLUTION

Delegation No: 93-01 (Rev.)

WHEREAS, In accordance with Government Code sections ~~20103~~20120, 9353, 75005, 75505, and 50953, the Board of Administration of the California Public Employees' Retirement System (hereafter "the Board") is charged with the administration and management of the Public Employees' Retirement System, the Legislators' Retirement System, the Judges' Retirement System, the Judges' Retirement System II, and the Volunteer Firefighters Length of Service Award System (hereafter collectively- "the System").

WHEREAS, In accordance with Government Code sections ~~20204~~20171, 9354.1, 75105, 75607, 50953, 22601, ~~22840~~22910, ~~22840~~222911, 2141421664 and ~~22880~~22940, the Board is also charged with the exclusive control of the administration and investment of the Public Employees' Retirement Fund, the Legislators' Retirement ~~System Fund~~, the Judges' Retirement ~~System Fund~~, the Judges' Retirement System II Fund, and the Volunteer Firefighters Length of Service Award System, the Old Age and Survivors' Insurance Revolving Fund, the Public Employees' Contingency Reserve Fund (Medical and Hospital Care), the Public Employees' Health Care Fund, the Public Employees' Long-term Care Fund, and the Annuitants' Health Care Coverage Fund respectively (hereafter collectively "the Fund").

WHEREAS, In accordance with Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of moneys and administration of the System; the Board is charged with the sole and exclusive fiduciary responsibility over the assets of the System, and is granted the sole and exclusive responsibility for administering the system in a manner that will assure prompt delivery of benefits and related services to CalPERS' members and beneficiaries.

WHEREAS, Also in accordance with Article XVI, section 17 of the California Constitution, System assets are held in trust and must be used for exclusive purposes of providing benefits to CalPERS members and their beneficiaries and defraying reasonable expenses of administering the System. (Cal. Const. art. XVI sec. 17(a).) Pursuant to this same section, the Board must discharge its duties with respect to the System “solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions

thereto, and defraying reasonable expenses of administering the system". However, the Board's duty to its participants and their beneficiaries takes precedence over any other duty. (Cal. Const. art. XVI sec. 17(b).)

WHEREAS, In accordance with Government Code section ~~20107~~20099, the Board is authorized to appoint a committee of one or more of its members to perform any act within the power of the Board itself to perform, and may through express delegation authorize any such committee to act finally.

WHEREAS, The Board of Administration adopted a long range Strategic Plan in March 1996 designed to focus the organization on a set of enterprise goals, objectives and strategies aimed at achieving a newly defined mission and vision.

WHEREAS, The Board of Administration subsequently revised the Strategic Plan ~~in June 2000 to clarify the goals of the organization and begin the development of a multiple year Business Plan~~ and may revise the Strategic Plan again in the future.

THEREFORE, BE IT RESOLVED:

RESOLVED, (A) That, pursuant to the foregoing, the Board hereby authorizes and ratifies the annual appointment by the Board President of a Finance Committee to be comprised of seven (7) members of the Board.

RESOLVED, (B) That, except as otherwise provided within this Resolution, the Finance Committee is delegated the authority to perform all acts described in that certain Finance Committee Charter, adopted by this Board on ~~April 18~~ June 20, 2007. In general, this authority extends to:

1. Oversee Audit Functions: This authority shall include the following: examine and evaluate the adequacy and effectiveness of the internal controls within each of the Board's programs, including an examination of the quality of each program's performance. This responsibility also includes oversight of all annual, special and internal audits; review of all financial and audit reports; and coordination of the efforts of internal and external auditors.

2. Oversee Budget Functions: This authority shall include the following: review annual policy plans from the view of resource availability; evaluate funding alternatives and prioritization of programs; recommend performance benchmarks for programs within the Committee's subject-matter authority, which if realized, clearly position CalPERS within the top quartile of comparable funds, review performance against those benchmarks, and recommend necessary changes.
3. Oversee Strategic Planning Functions: This authority shall include the following: maintain a long-range plan (the CalPERS Strategic Plan) which includes the overall mission, strategic goals, and operational philosophies which will establish the foundation for detailed business and annual plans; conduct periodic assessments of the Strategic Plan for modification and revision as determined is necessary; review business and annual plans to assess progress toward accomplishing specific strategic goals.
4. Oversee Diversity : This authority shall include the following: ensure diversity among our business partners; oversee and evaluate enterprise-wide internal and external Diversity Outreach initiatives; oversee and evaluate annual Diversity Program Outreach communication plan; and review periodic reports.
5. Enterprise Compliance: This authority shall include the following: ensure that an adequate system of compliance risk evaluation exists in the organization; ensure enterprise compliance functions are performed with independence; approve the annual enterprise compliance plan; review the status of the annual enterprise compliance plan and approve changes as needed; and provide a forum promoting independence of the enterprise compliance process.
6. Information Technology: This authority shall include the following: review and monitor project scope, schedule, budget, and vendor selection of selected projects; and ensure selected projects accomplish the objective defined in their proposals.
7. Other Administrative Services: This authority shall include the following: review the annual consulting and services contracts report and oversee operational issues and other administrative issues.

RESOLVED, (C) That the Committee's authority is limited by and subject to all of the following conditions:

(1) The Committee must discharge its duties "solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer

contributions thereto, and defraying reasonable expenses of administering the system", but with the duty to participants and beneficiaries taking precedence over all other duties. (Cal. Const. art. XVI sec. 17(b).)

(2) The Committee must discharge its duties with respect to the Fund with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

(3) The Committee should take steps to assure that the Board's auditors are independent of the activities that they audit.

RESOLVED, (D) That, notwithstanding any other provision within this Resolution, all acts of the Committee shall be reported to the Board, at its next regular meeting, and shall not be final unless and until ratified or approved by the Board.

RESOLVED, (E) That the Committee is authorized to delegate to the Chief Executive Officer the authority to perform any act within the power of the Committee itself to perform.

RESOLVED, (F) That Delegation No. 90-03, delegating authority to an Audit Committee and No. 94-01, delegating authority to the Strategic Planning Committee, are is hereby rescinded.

RESOLVED, (G) That is Resolution shall be effective immediately upon adoption, and supersedes all previous delegations of authority to this Committee.

I hereby certify that the foregoing Resolution was adopted by the Board of Administration of the California Public Employees' Retirement System, and was amended on ~~April 18th 2004~~ June 20th 2007.

FRED BUENROSTRO
CHIEF EXECUTIVE OFFICER
CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM